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SUBJECT: RUSSIA-JAPAN RELATIONS: WAITING FOR NEW  
OPPORTUNITIES

REF: TOKYO 328

Classified By: Acting Political M/C Bob Patterson.  
Reasons 1.4.(B/D).

11. (C) Summary. With the GOJ's abortive efforts to stage a summit before the end of the Putin presidency behind it, both Moscow Japan handlers and the Japanese Embassy say that the GOJ is waiting for the new Russian president to take the reins before trying again. GOR officials and analysts believe that a combination of Japan's commitment to the economic vitalization of the Russian Far East (RFE) and well-devised political campaigns targeting Russian domestic interest groups might set the stage for re-visiting the territorial dispute. End summary.

Relations, Business as Usual  
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12. (C) MFA Japan Desk Head Aleksandr Iliyshev told us April 3 that Russia - Japan relations were "business as usual." He attributed recent "false" expectations of a breakthrough to media reports that followed Putin's positive reply to PM Fukuda's early February letter (reftel). Iliyshev maintained that although bilateral trade was increasing steadily, the absence of a framework for economic cooperation meant piecemeal growth instead of a mature partnership. Only after an appropriate environment had been created could more complicated issues, such as the territorial dispute and the peace treaty be discussed, he added.

13. (C) Jun Nanazawa of the Japanese Embassy told us that the GOJ hoped the Hokkaido G8 Summit would energize relations. Although domestic pressure meant that no Japanese leader could ignore the territorial issue, Nanazawa thought that as long as the dispute remained the defining issue, it would elude resolution. Nanazawa believed that GOJ Vice-Minister Yabunaka's April visit to Moscow, First DFM Denisov's visit to Tokyo for a regular "Strategic Dialogue meeting, and planning for a visit to Moscow by FM Komura meant that the sides had decided to concentrate on creating a more solid framework for bilateral relations.

The Territorial Issue  
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14. (C) Moscow analysts were of two schools on the territorial question. Gennadiy Chufrin, Dean at the Institute of World Economics and International Relations (IMEMO), argued that Japan's unconditional surrender and its recognition of the 1956 agreement had settled the issue, leaving no unresolved territorial issue between the two countries. He believed that the two countries should now focus on economic cooperation. Georgiy Kunadze, a Japan specialist and former Ambassador to South Korea disagreed, arguing that once the "accumulated" mutual political

grievances, which fuel emotional reaction in both countries, were addressed, the technical formula on how to divide up the four islands could be easily worked out.

15. (C) Kunadze said that Japan hoped to find each successive Russian leader free of the old dogmas about Japan. Many towns in Hokkaido were offering a special welcome tour to Medvedev after his participation in the July G8 -- a clear sign of Japan's "renewed" hope, Kunadze added. Kunadze cautioned against excessive optimism, saying that no Russian leader could afford to cede too much to Japan. It is not Russian public opinion, which could be shaped, but different political forces with vested interest that are the problem, he said. In addition to the succession process in Russia, which initially slows the negotiation process, Japan's "unstable" domestic politics, with their frequent leadership changes did not help.

16. (C) All analysts maintained that the lack of "structure" in the relationship distinguished Russia - Japan relations from Russia - China relations. Chufrin thought that Japan could show that its interests extended beyond the territorial question by making a long-term commitment to the RFE, whose sluggish development had been a source of frustration for the GOR. The GOR, he said, was eager to use Japan's engagement in the RFE to better balance Chinese expansion there.  
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